

# GOLDEN ENERGY AND RESOURCES LIMITED

(Incorporated in the Republic of Singapore)  
Company Registration Number: 199508589E

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## ENTRY INTO SHARE PURCHASE AGREEMENT FOR THE SALE OF THE GEMS SALE SHARES TO ASCEND GLOBAL

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### 1. INTRODUCTION

- 1.1 Proposed Transaction.** The board of directors (the “**Board**”) of Golden Energy and Resources Limited (“**GEAR**” and together with its subsidiaries, the “**GEAR Group**”) wishes to announce that it has on 12 March 2021 entered into a share purchase agreement (the “**Agreement**”) with Ascend Global Investment Fund SPC – ADSP (“**Ascend Global**”).

Pursuant to the terms of the Agreement, GEAR has agreed to sell, and Ascend Global has agreed to purchase, 264,705,885 shares in the capital of PT Golden Energy Mines Tbk. (“**GEMS**”), a public listed company established under the laws of the Republic of Indonesia and listed on the Indonesia Stock Exchange (“**IDX**”), representing an approximately 4.5 per cent. shareholding in GEMS (the shares in GEMS being disposed of by GEAR, the “**GEMS Sale Shares**”), for the Consideration (as defined in **paragraph 4.4** below) (the “**Proposed Transaction**”).

- 1.2 Completion.** Completion of the Proposed Transaction is subject to the satisfaction (or waiver) of the Consent Condition, as detailed in **paragraph 4.1** below.
- 1.3 Resultant Shareholding in GEMS.** Following the completion of the Proposed Transaction, GEAR’s aggregate shareholding in GEMS will decrease from approximately 67.0 per cent., comprising 3,941,166,500 shares in the capital of GEMS (the “**GEMS Shares**”), to approximately 62.5 per cent., comprising 3,676,460,615 GEMS Shares.

### 2. INFORMATION ON GEMS

- 2.1 GEMS and its Principal Activities.** GEMS is a public listed company established under the laws of the Republic of Indonesia and listed on the IDX. GEMS is engaged in the business of mining and trading of energy coal from its concession located in Indonesia. As at the date of this Announcement, GEMS has an issued and paid-up share capital of IDR588,235,300,000 comprising 5,882,353,000 GEMS Shares, with a nominal value of IDR100 per GEMS Share.

The trading of the GEMS Shares on the IDX has been suspended since 31 January 2018, pending GEMS’ compliance with the minimum 7.5% free float requirement (the “**Free Float Requirement**”) stipulated by the IDX Regulation No. 1-A.

- 2.2 Value of the Assets Being Disposed.** The audited net asset value (“**NAV**”) and audited net tangible asset (“**NTA**”) value of the GEMS Sale Shares is approximately US\$15.7 million and US\$7.6 million, respectively, as at 31 December 2020. The market value of the GEMS Sale Shares is approximately US\$46.9 million, based on the last traded price of the GEMS Shares of

IDR 2,550 per GEMS Share before trading of the GEMS Shares was suspended on 31 January 2018.

- 2.3 Excess of Proceeds.** The Consideration (as defined below) was arrived at on a willing buyer willing seller basis, taking into account (amongst others) the fair market value of the GEMS Sale Shares and the operating and financial performance of GEMS. Based on the Consideration, the excess of the proceeds from the Proposed Transaction over the audited book value of the GEMS Sale Shares as at 31 December 2020 is approximately US\$34.3 million.
- 2.4 Net Profit and Loss on Disposal.** Based on GEMS' audited consolidated financial statements for the financial year ended 31 December 2020, the net profit (including discontinued operations that have not been disposed and before income tax and non-controlling interests) attributable to the GEMS Sale Shares is approximately US\$5.7 million. On a group basis, the GEAR Group will record a loss on disposal of the GEMS Sale Shares of approximately US\$0.8 million in the statement of changes in equity.

### **3. INFORMATION ON ASCEND GLOBAL**

Ascend Global is an exempted company incorporated with limited liability and registered as a segregated portfolio company in Cayman Islands. It is an investment fund managed by Ascend Capital Advisors (S) Pte. Ltd., a Singapore-incorporated company registered with the Monetary Authority of Singapore as a Licensed Fund Management Company. Ascend Global is GEAR's joint venture partner in Golden Investments (Australia) Pte. Ltd. ("**GIAPL**"), which is the holding company of Stanmore Coal Limited.

### **4. PRINCIPAL TERMS OF THE PROPOSED TRANSACTION**

- 4.1 Consent Condition.** Completion of the Proposed Transaction ("**Completion**") is subject to the receipt of the requisite consents of the holders of the 9.00% senior secured notes due 2023 issued by GEAR (the "**Notes**") for the amendments to the indenture in relation to the issue of the Notes to permit the implementation of (amongst others) the Proposed Transaction, pursuant to GEAR's consent solicitation statement dated 12 March 2021 (the "**Consent Condition**") (the "**Consent Solicitation**"). Settlement of the Consent Solicitation is expected to take place on or about 29 March 2021.
- 4.2 Closing Date.** Pursuant to the terms of the Agreement, subject to the satisfaction (or waiver) of the Consent Condition, Completion is expected to take place on 30 March 2021 (or such other date as may be deferred or otherwise agreed by GEAR and Ascend Global) (the "**Completion Date**").
- 4.3 Long Stop Date.** If Completion does not occur in accordance with the terms of the Agreement by 5.00 p.m. (Singapore time) on the date falling thirty (30) days after the date of the Agreement (which may be extended by GEAR in its sole discretion), the Agreement will lapse and cease to have further effect, and GEAR and Ascend Global shall use best efforts to procure that any steps or actions which have been carried out pursuant to the Agreement shall be unwound to the original position that the parties were in immediately prior to their entry into the Agreement, at each party's own cost. GEAR also has a Call Option which is exercisable in the event of certain defaults by Ascend Global (as detailed in **paragraph 4.6** below).

- 4.4 Consideration.** The aggregate consideration for the Proposed Transaction is the aggregate sum of US\$50 million in cash (the “**Consideration**”), which is to be satisfied by way of payment of the Consideration by Ascend Global to GEAR on the date falling thirty (30) days after the Completion Date, or such other date as may be extendable at GEAR’s option up to the first anniversary of the Completion Date (the “**Payment Date**”).

The Consideration was arrived at on a willing buyer willing seller basis, taking into account (amongst others) the fair market value of the GEMS Sale Shares and the operational and financial performance of GEMS.

Notwithstanding the foregoing, GEAR and Ascend Global may mutually agree for all or a portion of the Consideration to be:

- 4.4.1** set-off against an amount equivalent to the Relevant GEMS Dividends assigned to and received by GEAR under the Assignment Agreement (each as defined in **paragraph 4.5.2** below) and/or any other amount(s) which may be owing by Ascend Global to GEAR; and/or
- 4.4.2** settled by way of the transfer to GEAR of shares in GIAPL (the “**GIAPL Shares**”) owned by Ascend Global, on terms to be mutually agreed.

In this regard, GEAR and Ascend Global are presently in preliminary discussions regarding a potential sale of the GIAPL Shares owned by Ascend Global, representing an approximately 20 per cent. shareholding in GIAPL, to GEAR (the “**Potential GIAPL Acquisition**”). The discussions are in preliminary stages and there is no assurance or certainty that the Potential GIAPL Acquisition will eventually proceed; if the parties decide to proceed with the Potential GIAPL Acquisition, GEAR will make an appropriate announcement in due course.

- 4.5 Security.** In order to secure Ascend Global’s obligations under the Agreement, Ascend Global has agreed to, on Completion, enter into:

- 4.5.1** an Indonesia share pledge to create and perfect a pledge over the GEMS Sale Shares and any additional shares in the capital of GEMS of which Ascend Global is the owner or is entitled to acquire or receive as a result of its holding of the GEMS Sale Shares (collectively, the “**Pledged Shares**”) in favour of GEAR, which will only be released after payment in full of the Consideration by Ascend Global;
- 4.5.2** an assignment of dividends agreement (the “**Assignment Agreement**”) to assign to GEAR all of its existing and future rights and entitlements to receive any dividends (including any interim, final or special dividends) declared, paid or made by GEMS in respect of the GEMS Sale Shares during the period commencing on the Completion Date up to (and including) the Payment Date (the “**Relevant Period**” and any such dividends, the “**Relevant GEMS Dividends**”); and
- 4.5.3** enter into a deed of power of attorney to sell shares and an irrevocable power of attorney to appoint GEAR as its attorney in respect of the Pledged Shares during the Relevant Period.

- 4.6 Call Option.** Pursuant to the terms of the Agreement, Ascend Global has granted to GEAR an option to require Ascend Global to immediately transfer to GEAR, all of the GEMS Sale Shares (for nil consideration or, if any partial payments of the Consideration have already been made by Ascend Global to GEAR, for such consideration not exceeding the sum of all such payments made by Ascend Global to GEAR (but excluding any Relevant GEMS Dividends assigned to and received by GEAR pursuant to the Assignment Agreement)) (the “**Call Option**”), which GEAR may elect to exercise at any time on or after the occurrence of (a) a failure by Ascend Global to make payment of all or any portion of the Consideration on or by the Payment Date or (b) a breach by Ascend Global of any of its obligations under the Agreement (including any breach of its voting undertakings as mentioned under **paragraph 4.7** below).
- 4.7 Voting Undertaking.** Ascend Global has further undertaken to GEAR under the Agreement that, in the event that any shareholders’ general meeting were to be convened by GEMS to seek shareholders’ approval for any resolution(s) at any time during the Relevant Period, Ascend Global will take all steps and do all actions as may be required by GEAR in order to facilitate the exercise by GEAR of the voting rights in respect of the GEMS Sale Shares.

## 5. RATIONALE AND USE OF PROCEEDS

- 5.1 Rationale for Proposed Transaction.** The Proposed Transaction is primarily proposed to enable GEMS to meet the Free Float Requirement and resume trading of the GEMS Shares on the IDX (which have been suspended since 31 January 2018), as mentioned above. Once the suspension of the GEMS Shares from trading is lifted, GEAR believes that an objective market value for the GEMS Shares can be re-established and in turn allow investors to appropriately value GEMS and the Company. As the Company’s debt facilities (which include bonds and bank facilities) are secured in part against a pledge over its GEMS Shares, a delisting of GEMS may impact the Company’s financing costs, as security over listed shares is generally preferred by lenders and investors compared to unlisted shares, which are generally more illiquid and harder to realize.
- 5.2 Use of Proceeds.** GEAR intends to use the Consideration for future investments as well as for general working capital purposes.

## 6. DISCLOSEABLE TRANSACTION

- 6.1 Rule 1006 Relative Figures.** The table below sets forth the relative figures for the Proposed Transaction, computed on the bases set out in Rule 1006 (“**Rule 1006**”) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Listing Manual**”):

Rule 1006	Bases	Proposed Transaction	GEAR Group	Relative Figures (%)
(a)	NAV of the GEMS Sale Shares to be disposed of, compared with the NAV of the GEAR Group <sup>(1)</sup>	15.72	577.53	2.72%
(b)	Net profits/(losses) attributable to the GEMS Sale Shares disposed of, compared with the GEAR Group’s net profits (US\$ million) <sup>(2)</sup>	5.72	66.72	8.57%

(c)	Aggregate consideration for the Proposed Transaction <sup>(3)</sup> , compared with GEAR's market capitalization (S\$ million) <sup>(4)</sup>	67.01	359.55	18.64%
(d)	Number of equity securities issued by GEAR as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable.	Not applicable.	Not applicable.
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the GEAR Group's proved and probable reserves	Not applicable.	Not applicable.	Not applicable.

**Notes:**

- (1) Computed based on the NAV as at 31 December 2020 of the GEMS Sale Shares disposed of pursuant to the Proposed Transaction of US\$15.72 million (which is based on the latest audited consolidated financial statements of GEMS for the financial year ended 31 December 2020), compared with the NAV of the GEAR Group of approximately US\$577.53 million as at 31 December 2020 (which is based on the latest unaudited consolidated financial statements of the GEAR Group for the financial year ended 31 December 2020).
- (2) Computed based on the net profits (including discontinued operations that have not been disposed before income tax and non-controlling interests) attributable to the GEMS Sale Shares for the financial year ended 31 December 2020 of US\$5.72 million (which are based on the latest audited consolidated financial statements of GEMS for the financial year ended 31 December 2020, compared with the GEAR Group's net profits (including discontinued operations that have not been disposed before income tax and non-controlling interests) for its financial year ended 31 December 2020 of approximately US\$66.72 million (which are based on the latest unaudited consolidated financial statements of the GEAR Group for the financial year ended 31 December 2020).
- (3) Calculated based on the value of the aggregate Consideration received by GEAR in respect of the Proposed Transaction of US\$50 million and expressed in S\$ based on an exchange rate of US\$1:S\$1.3401, being the US\$:S\$ exchange rate on 11 March 2021 (Source: BloombergLP).
- (4) GEAR's market capitalisation is based upon 2,353,100,380 ordinary shares in the capital of GEAR in issue (excluding treasury shares) ("**GEAR Shares**") as at 11 March 2021, being the last market day preceding the date of the Agreement on which GEAR Shares were traded on the SGX-ST, at a volume-weighted average price of S\$0.1528 for each GEAR Share (Source: BloombergLP).

**6.2 Discloseable Transaction.** As set out under **paragraph 6.1** above, as the relative figure under Rule 1006(c) exceeds five per cent. but is less than 20 per cent., the Proposed Transaction constitutes a discloseable transaction for GEAR as defined in Chapter 10 of the Listing Manual.

## **7. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION**

**7.1 Bases and Assumptions.** The pro forma financial effects of the Proposed Transaction set out below are for illustrative purposes only, and are neither indicative of the actual financial effects of the Proposed Transaction on the consolidated NTA and/or the consolidated earnings of the GEAR Group, nor represent the actual or future financial position and/or results of the GEAR Group

immediately after the completion of the Proposed Transaction.

The pro forma financial effects of the Proposed Transaction set out below have been prepared based on the latest unaudited consolidated financial statements of the GEAR Group for the financial year ended 31 December 2020 ("FY2020" and such results, the "FY2020 Results") and the audited financial statements of GEMS for the financial year ended 31 December 2020.

**7.2 Effect on NTA per GEAR Share.** For illustrative purposes only and assuming that the Proposed Transaction had been completed on 31 December 2020, being the end of FY2020, the pro forma financial effects of the Proposed Transaction on the consolidated NTA of the GEAR Group are set out below:

	Before completion of the Proposed Transaction	After completion of the Proposed Transaction
NTA <sup>(1)</sup> (US\$ million)	178.3	228.3
Number of issued GEAR Shares	2,353,100,380	2,353,100,380
NTA per GEAR Share (United States cents)	7.6	9.7

**Notes:**

- (1) "NTA" is defined as total assets less total liabilities less intangible assets (including mining properties).
- (2) The increase in NTA after completion of the Proposed Transaction is on account of the increase in the Group's cash balances/receivables from the Proposed Transaction.

**7.3 Effect on Earnings per Share.** For illustrative purposes only and assuming that the Proposed Transaction had been completed on 1 January 2020, being the beginning of FY2020, the pro forma financial effects of the Proposed Transaction on the consolidated earnings of the GEAR Group are set out below:

	Before completion of the Proposed Transaction	After completion of the Proposed Transaction
Profit after tax and minority interests (US\$ million)	8.1	3.8
Number of issued GEAR Shares	2,353,100,380	2,353,100,380
Earnings per GEAR Share (United States cents)	0.34	0.16

**Note:**

- (1) The decrease in EPS after completion of the Proposed Transaction is due to the decrease in the share of profit after tax from GEMS due to the Proposed Transaction.

- 7.4 Effect on Net Gearing.** For illustrative purposes only and assuming that the Proposed Transaction had been completed on 31 December 2020, being the end of FY2020, the pro forma financial effects of the Proposed Transaction on the net gearing of the GEAR Group are set out below:

	Before completion of the Proposed Transaction	After completion of the Proposed Transaction
Net Gearing Ratio <sup>(1)</sup>	0.55	0.52

**Notes:**

- (1) The Net Gearing Ratio is computed as (total liabilities excluding taxes - cash and cash equivalents) / (equity attributable to owners of GEAR + total liabilities excluding taxes - cash and cash equivalents).
- (2) The decrease in gearing ratio after completion of the Proposed Transaction is due to the assumption of an increase in cash balance due to the consideration received under the Proposed Transaction.

- 7.5 Effect on Share Capital.** The Proposed Transaction will not have any impact on the issued and paid-up share capital of GEAR.

## **8. FURTHER INFORMATION**

- 8.1 Interests of Directors and Controlling Shareholders.** None of the directors and controlling shareholders of GEAR has any interest, direct or indirect, in the Proposed Transaction.
- 8.2 No Directors' Service Contracts.** No person is proposed to be appointed to the Board as part of the Proposed Transaction, and no director's service contract is proposed to be entered into by GEAR with any person in connection with the Proposed Transaction.
- 8.3 Documents for Inspection.** A copy of the Agreement is available for inspection during normal business hours at the registered office of GEAR at 20 Cecil Street, #05-05, PLUS, Singapore 049705, for a period of three months commencing from the date of this Announcement.

## **9. RESPONSIBILITY STATEMENT**

The directors of GEAR (including those who may have delegated detailed supervision of the preparation of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement (other than information relating to Ascend Global and GEMS) and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed herein (other than information relating to Ascend Global and GEMS) are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this Announcement misleading.

Where any information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the directors of GEAR has been to ensure that such information is accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

By Order of the Board

**GOLDEN ENERGY AND RESOURCES LIMITED**

Pauline Lee

Group Company Secretary

12 March 2021



### Forward Looking Statements

*This Announcement may include certain statements that are in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward looking statement.*

*The forward looking statements in this Announcement reflect the views held only as at the date of this Announcement. While GEAR believes that the expectations reflected in the forward looking statements in this Announcement are reasonable, no assurance can be given that such expectations will prove to be correct. You are cautioned not to place undue reliance on any forward looking statement.*